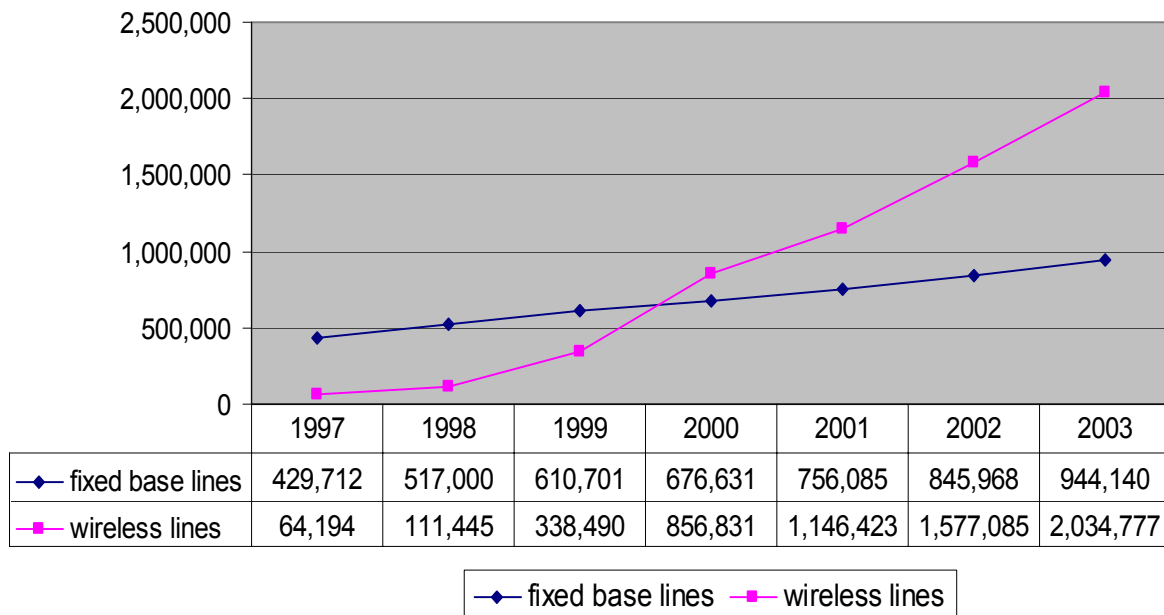


MARKET OVERVIEW

The telecommunications market in Guatemala has grown consistently since 1997 –as shown in the graph below- and it is expected to keep growing in the coming years. In fact, Guatemala recently changed from a 7 digit to an 8 digit scheme to accommodate the growing demand for phone liner.

TELEPHONY DENSITY IN GUATEMALA



Source: Superintendencia de Telecomunicaciones de Guatemala

Since September 18, 2004, all phone numbers in Guatemala have 8 digits. If you have a 7 digit phone number, please refer to the following table to locate the extra digit you have to add at the beginning of the old phone number.

200-0000 – 219-9999	5
220-0000 – 289-9999	2
290-0000 – 319-9999	5
320-0000 – 389-9999	2
390-0000 – 419-9999	5
420-0000 – 489-9999	2
490-0000 – 499-9999	5
500-0000 – 619-9999	5
620-0000 – 689-9999	6
690-0000 – 719-9999	5
720-0000 – 789-9999	7
790-0000 – 819-9999	5
820-0000 – 889-9999	7
890-0000 – 919-9999	5
920-0000 – 989-9999	7
990-0000 – 998-9999	5

Please note that the area code for Guatemala is **502**, so if you are calling from anywhere in the world you would have to dial, for example, (502) 2326-4490.

Source: Superintendencia de Telecomunicaciones de Guatemala

The “Superintendencia de Telecomunicaciones –SIT–”, the Guatemalan telecommunications regulatory body, estimates that the fixed-base sector grew 20%, while the wireless sector grew 56% in 2004; a growth of 187,000 lines and 1.1 million lines, respectively.

After the sector was liberalized in 1996, many local and international telecommunications companies entered the Guatemalan market, including Bellsouth, Telefonica, Milicom and Telmex, among others. It is important to note that since the second semester of 2004, Telefonica bought Bellsouth’s operations in the country and fully took over in the first semester of 2005. Following is a list of telecommunication service providers operating in Guatemala.

Fixed-base service providers:

- TELGUA
- CABLENET
- TELEFONICA
- COMCEL
- GUATEL
- CYBERNET

Wireless service providers:

- SERCOM-PCS (TELGUA)
- COMCEL
- TELEFONICA



Rural telephony service providers:

- ATEL
- TELNOR
- BNA
- DESARROLLO INTEGRAL
- RURALSAT
- SERSAT

Data service providers:

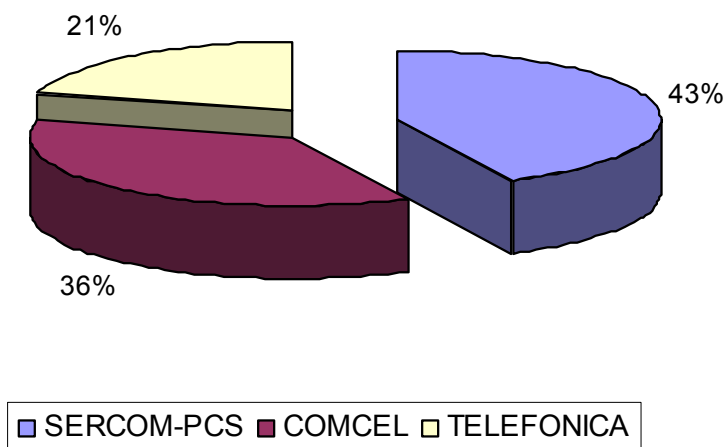
- CABLENET
- TELGUA
- NAVEGA
- AMNET
- CYBERNET
- NEWCOM

Long distance service providers:

- TELGUA
- AMERICATEL
- TELEFONICA
- AT&T
- COMCEL
- TELNOR
- WxC
- UNITEL

TELGUA, a company owned by TELMEX (the Mexican telecommunications company) dominates the fixed-base market with 86.74% of its share. In the wireless market, the following companies are the main players: SERCOM-PCS, COMCEL and Telefonica.

**MARKET SHARE OF THE WIRELESS SECTOR IN
GUATEMALA
2004**



Since liberalization and the approval of the Guatemalan Telecommunications Law, decree 94-96, the telephony fund –FONDETEL- was created under the Ministry of Communications and Infrastructure; the fund's aim is to develop telephony services in rural areas of the country. FONDETEL has provided rural communities with funds to develop telecommunication infrastructure and is expected to provide funds for the installation of 5,000 new rural lines between 2005 and 2006.

With respect to wireless services, the pre-paid sector is the most important segment and the one where the largest growth is expected. This service has proven to be convenient for low-income people and for urban and rural areas where there is no fixed-base infrastructure.

BEST SALES PROSPECTS

Guatemalan imports of telecommunication equipment reached 204 million dollars in 2004. As show below, telephones and telephone parts, receptors and transmitters are the most frequently imported products and are also Guatemala's best prospects.

IMPORTS OF TELECOMMUNICATION EQUIPMENT IN U.S. DOLLARS

	2001	2002	2003
fiber optic cable	4,407,567	3,330,404	2,317,534
antennas, antennas parts and accessories	8,452,497	9,430,831	12,503,598
receptors, transmitters and T.V cameras	90,647,268	113,005,022	90,529,854
telephones, mibile telephones and telephone parts	82,391,252	84,867,015	99,313,832
OTAL	185,898,584	210,633,272	204,664,818

ource: Secretaria de Integración Económica

There is no local production of telecommunication equipment in Guatemala. Essentially, all equipment is imported from the following countries: Panama, United States, Mexico, Malaysia, Germany, Canada, Italy, Japan, Sweden, Korea and Brazil. Also, the main suppliers of telecommunications equipment are Siemens, Ericsson, Alcatel, Millicom, Telmex, Telefonica, Lucent, France Telecom and Cable & Wireless.



MARKET ACCESS

There are no legal barriers regarding the telecommunication sector in Guatemala. In fact, at a recent Seminar organized by one of the local universities, international experts agreed that the Guatemalan Telecommunications Law is one of the most advanced and market-oriented in the world. Also, under DR-CAFTA, 100% of U.S telecommunications products will receive duty-free status immediately upon implementation of the agreement.

KEY CONTACTS

Superintendencia de Telecomunicaciones de Guatemala (Guatemalan Telecommunication Regulatory Entity)

Webpage: www.sit.gob.gt

Gremial de Operadores de Telecomunicaciones (Telecommunication Operators Guild)

Telephone: 2334-4848

AMCHAM (American Guatemalan Chamber of Commerce)

Webpage: www.amchamgute.com

For information about U.S Commercial Service products and services in Guatemala, please visit www.buyusa.gov/guatemala.

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